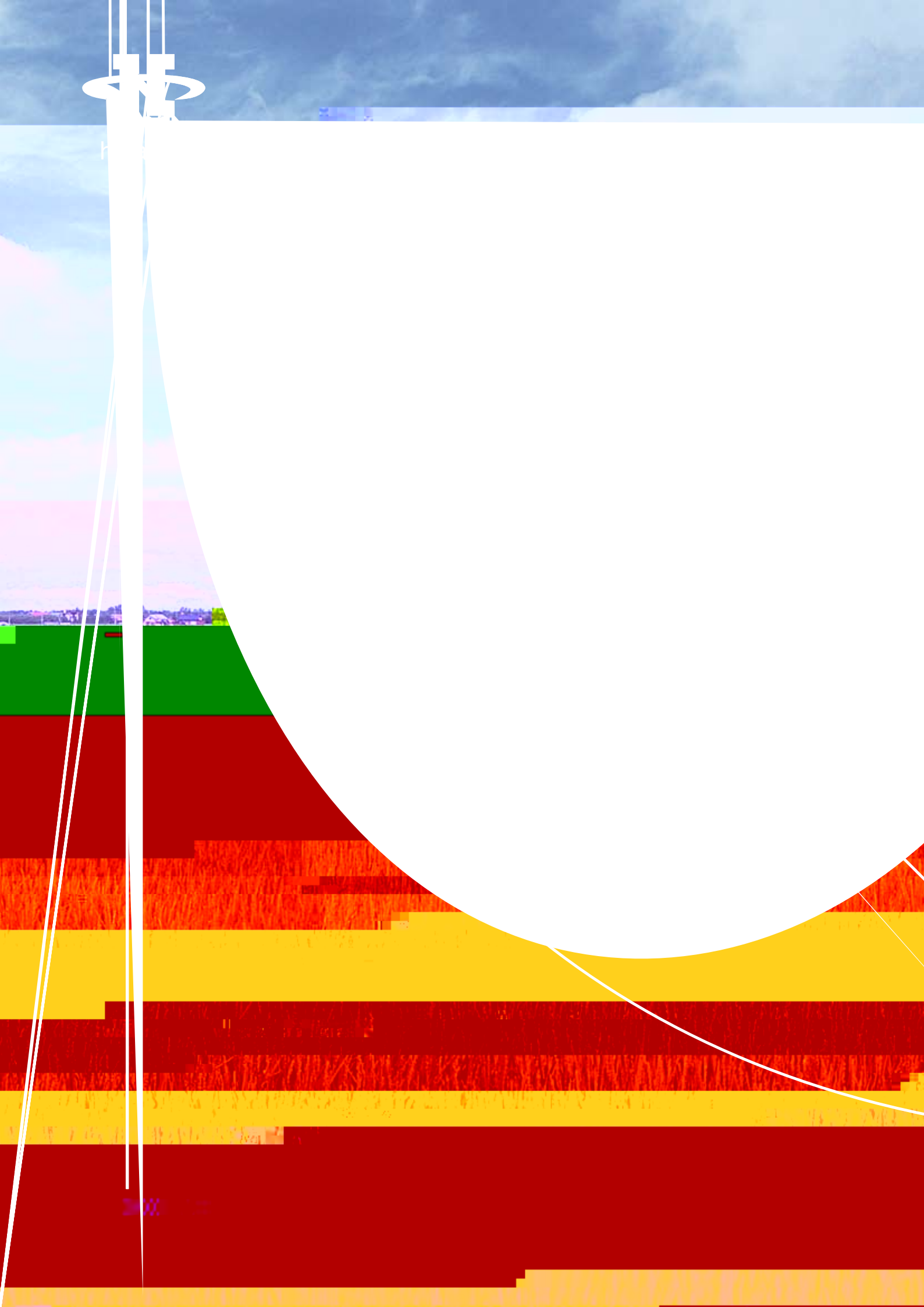


A 01 22
02 23
03 24
, 04 27
07 2
08 , 37
k 0 3
10 A , 40
12 41
13 42
: 43
15 44
16 47
17 44 47
A 18 47
20



Significant Events

2 7

June
20 /

Listed on Mainboard of SGX-ST



July
13 /

Signed 5 ear binding contract with Sinofert, the largest fertiliser distributor in hina

October
4 /

Award recipient for "Most Transparent ompan Award" in New Issues ategor of the Investors hoice Awards 2 7

10 /

EGM approved acquisition of old and new plants

13 /

Donated S$5 , to SGX's The Bull Run 2 7



November
16 /

Award recipient for "Best Investor Relations Awards"

23 /

Ranked amongst "Henan 1 Most Important Industrial Enterprises"

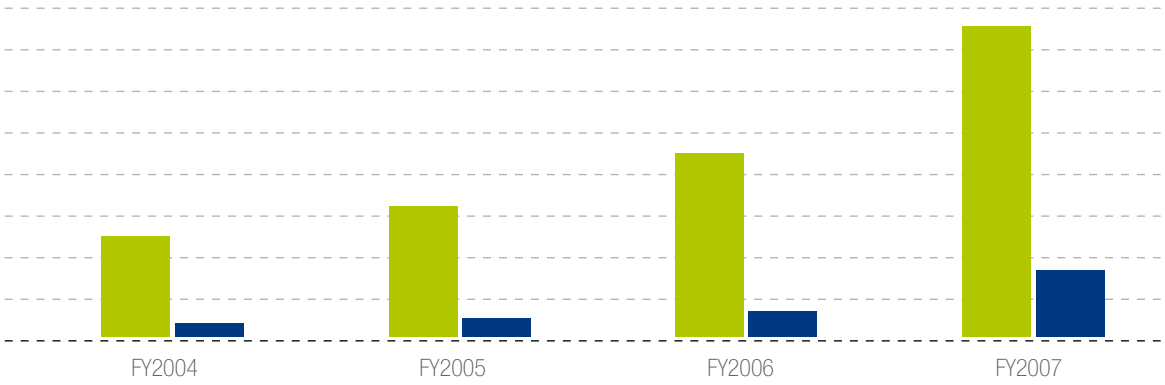
December
14 /

Awarded " ertificate for Product Exemption from Qualit Surveillance Inspection" for Xinlianxin Urea Fertiliser



Financial Highlights

REVENUE PBT



RMB Million	FY2004	FY2005	FY2006	FY2007
[illegible]	22	2	0	1, 1
F	1 1	1 1	212	1
F	2 .0%	2 .1%	2 . %	2 0%
		100	1 2	
			12	1

Chairman's Message





Dear Shareholders,

Strong Capabilities

Strong Results



Mr Liu Xingxu

Chairman's Message



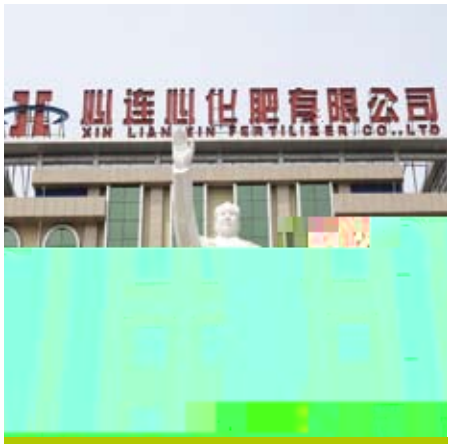


Strong Prospects

Acknowledgements

Mr Liu Xingxu





Urea



Compound Fertiliser



Prospects and Growth Drivers

Average Selling Prices

2004, 2005 2006.

*

Third Plant

400,000 50,000 30
3 200 .
40,000
2008. 100,000 2010.
( )

Corporate Information

Board of Directors
Mr Liu Xingxu, CEO/Chairman
Ms Yan Yunhua, CFO/ED
Mr Li Buwen, ED
Mr Ong Kian Guan, Lead Independent Director
Mr Ong Wei Jin, Independent Director
Mr Li Shengxiao, Independent Director

Audit Committee
Mr Ong Kian Guan (Chairman)
Mr Li Shengxiao
Mr Ong Wei Jin

Nominating Committee
Mr Ong Wei Jin (Chairman)
Mr Ong Kian Guan
Mr Li Shengxiao

Renumeration Committee
Mr Li Shengxiao (Chairman)
Mr Liu Xingxu
Mr Ong Wei Jin

Company Secretaries
Ms Foo Soon Soo
Mr Cheah Soon Ann Jeremy

Principal Place of Business
Xinxiang High-Technology Development Zone,
West Zone, Henan, PRC 453700

Registered Office
333 North Bridge Road #08-00 KH Kea Building,
Singapore 188721

Share Registrar
KCK CorpServe Pte. Ltd.
Tel: +65 6837 2133
Fax: +65 6339 3493

Bankers
Credit Suisse
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank

Auditors
Ernst & Young
Certified Public Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Max Loh Khum Whai (since financial year ended 31 December 2006))



The Group's main product is urea, which accounts for about 70% of our overall gross profit as urea is the most commonly used fertiliser in the PRC. Compound fertiliser accounts for about 14% while methanol constitutes the remaining 16% of our product mix.

Both urea and compound fertilisers are chemical fertilisers used to enrich the nutrients in the soil. Methanol is produced & widely used in the downstream chemical industry such as DME & Formaldehyde production.

Operations Review

Urea



Operations Review







Compound Fertiliser



Methanol







Financial Performance

31 2007 2007) 146%

317

)-216)-241’673 -2411 8(



Financial Analysis

4%.

3. 2007. 2008 50%
2009 2010 2011.

Financial Position

2007 2006.
67 31 2006
1.1 31 2007.
I 2007
772
317 .
806
(A
2007. i
510

133 .

Cash flow

34
2007.
772 ,
30 ,
8
308 .
A , A
327 , 210 , 235 168

Mr Liu Xingxu

Chairman and Chief Executive Officer





G ’ B D C L F L .’ I .

Mr Ong Kian Guan
Independent Director

11 2007. 2005, 2004 2005, A 2002 2004. I 2002 I 2002, A I 1992 I 2002, A A A . I 1992 .

Mr Li Shengxiao
Independent Director

11 2007. A I 1987 A 2004. 2006. ( ) 2006.

( ), I 1987 ( ) I 1990 1990 2004.

Mr Ong Wei Jin
Independent Director

11 2007. & 1999, A 1991 1999. ( ) A A

Key Management

Mr Ru Zhengtao

Mr Li Yushun

Mr Wang Nairen

Mr Zhang Qingjin

Mr Cheah Soon Ann



心 连 心

China XLX

100%

Henan XLX

China XLX Fertiliser in the News



China fertiliser producer
unches IPO at 77¢ a share la

EN
, a major
urea and
d in Chi-
, is launching
ing (IPO) to-
listing.
elling 262.88
nts each, six
tise and the rest in
stitutional inves-
ise net proceeds
illion.
price represents a
ings ratio of about 24
is calculated using net
tax of 129.1 million

yuan (S$25.9 million) for financial year 2006 and pre-offering share capital of 800 million shares.

The company has two production plants.

The newer of the two plants commenced production in September last year, and has been operating on a full-scale production level since Jan 1.

[illegible] XLX to consolidate [illegible] currently located with SAI Agril [illegible] capacity for urea and methanol has more than doubled to 680,000 tonnes and 140,000 tonnes respectively with the commissioning of the new plant.

Its chief executive and chairman, Mr Lin Xingxia, said the Singapore listing will put the firm on a "stronger footing" in terms of marketing and finances.

"With the added financial muscle gained from our IPO, I believe China XLX is well-positioned to capture greater market share in China's chemical fertiliser industry," he said.

The company plans to acquire the two production plants which [illegible] $9.9 million to construct a new [illegible] million from the proceeds. It will use [illegible] million to be pa[illegible] placements to [illegible] balance will be earmarked for general working capital.

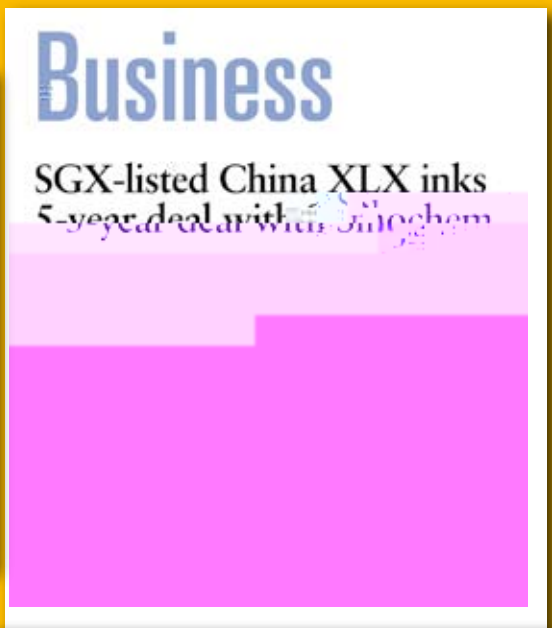
Trading is expected to begin two days after the offer closes next Monday at noon.

BY GABRIEL CH

CHINA XLX Fertiliser
coal-based producer of
compound fertiliser bas
in Henan province
its initial public offe
day for a mainboard

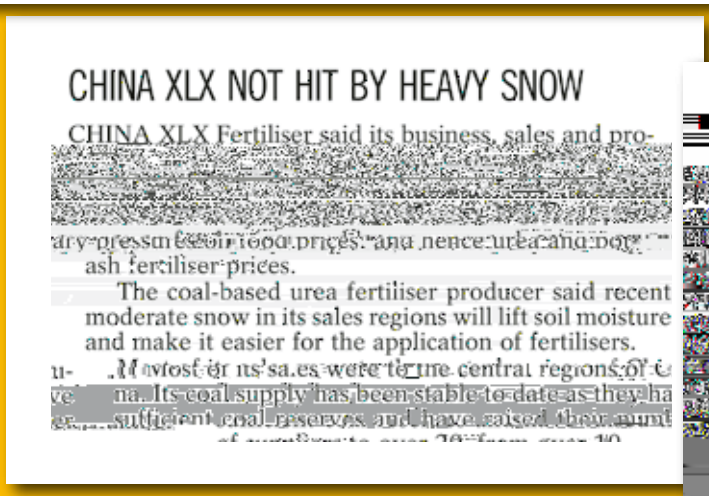
The company is
million shares at 77.
million to be pa
placements to
lors. It hopes to
of $145.8 m

The offe
price-to-earn
times, which
profit after



Business

SGX-listed China XLX inks
5-year deal with Sinochem

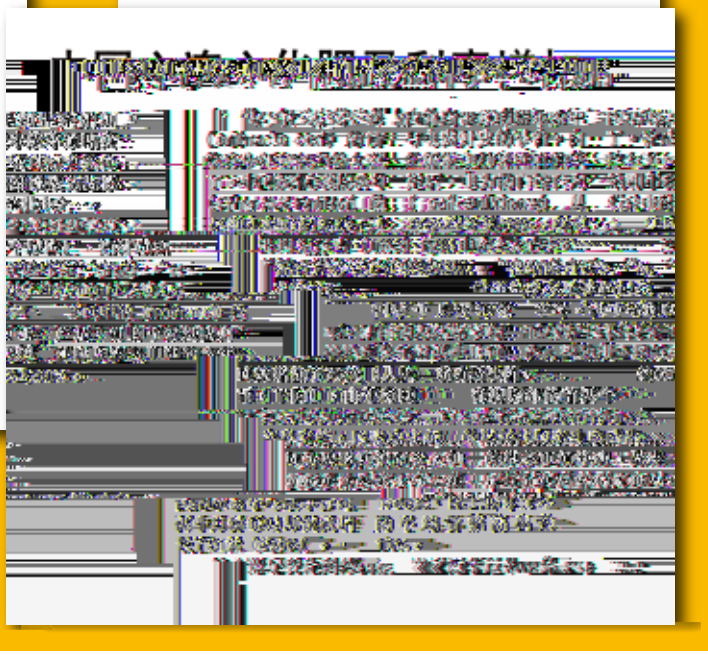


CHINA XLX NOT HIT BY HEAVY SNOW

CHINA XLX Fertiliser said its business, sales and pro-
ary pressure on food prices and hence urea and pot-
ash fertiliser prices.

The coal-based urea fertiliser producer said recent moderate snow in its sales regions will lift soil moisture and make it easier for the application of fertilisers.

Most of its sales were in the central regions of C
na. Its coal supply has been stable to date as they ha
sufficient coal reserves and have raised their num



C 2007 C L . A DA (J 16, 2007)
: L , H L . .

Analyst Reports





The Group's core value is to be cost efficient and at the same time be socially and environmentally responsible. The Group strives to improve society's welfare and minimise any adverse impact on the natural environment.

Corporate Citizenship

Social Responsibility

Environmental Protection

14001:2004

2006

14000

200

18

A

A

2006,

2007.










Building Trust that Instills
onfidence

China XLX Fertiliser Ltd., (

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

(

(

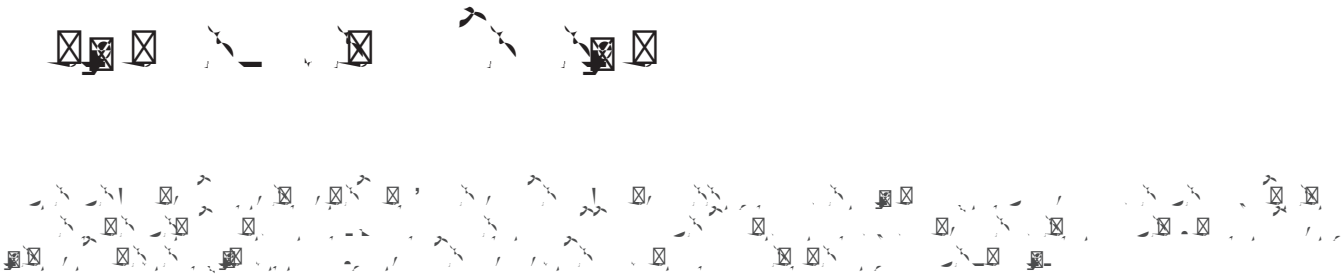
(

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(

(

	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE



Board Composition and Balance

Board Membership

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.







REMUNERATION MATTERS

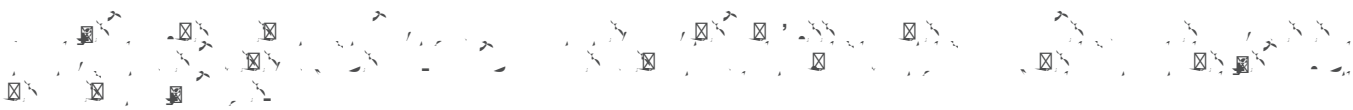
Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.









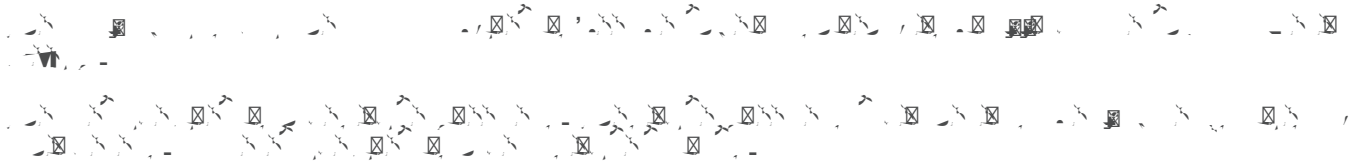












Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.



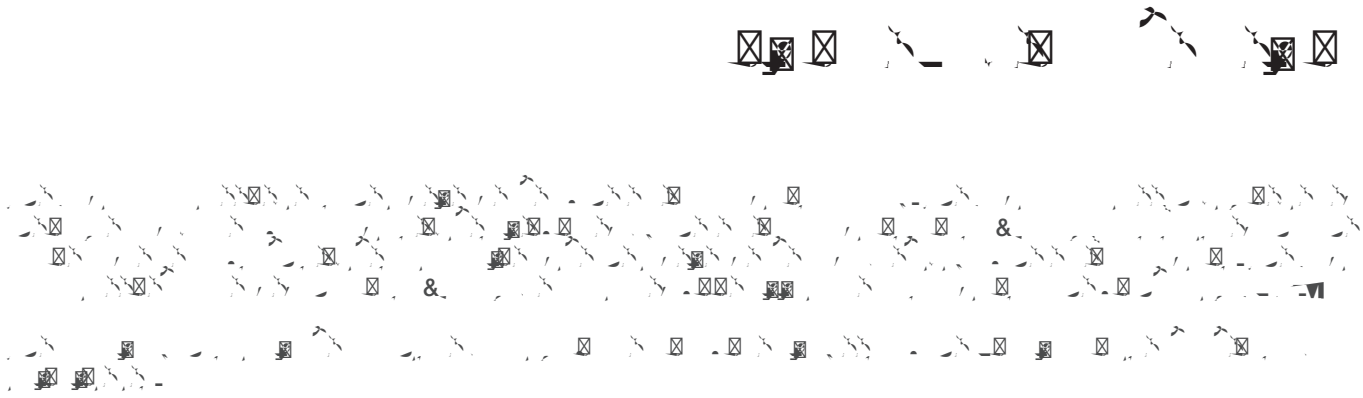
ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Audit Committee

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.



Internal Controls

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.



Internal Audit

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.



( )



(*)

[illegible]

Directors

[illegible]

Arrangements to enable directors to acquire shares and debentures

[illegible]



Directors' contractual benefits



Options



Audit Committee

[illegible]

([illegible])

	Note	Group		Company	
		2007 Rmb'000	2006 Rmb'000	2007 Rmb'000	2006 Rmb'000
ASSETS					
Non-current assets					
[illegible]					
Current assets					
[illegible]					
TOTAL ASSETS					
EQUITY AND LIABILITIES					
Current liabilities					
[illegible]					
NET CURRENT ASSETS/(LIABILITIES)			( )		( )
Non-current liabilities					
[illegible]					
TOTAL LIABILITIES					
NET ASSETS					
Equity attributable to equity holders of the Company					
[illegible]					
TOTAL EQUITY					
TOTAL EQUITY AND LIABILITIES					

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



(

	2007	2006

(

	2007 Rmb'000	2006 Rmb'000
Cash flows from investing activities		
( )	( )	
	( )	
( )	( )	( )
		( )
Net cash used in investing activities	( )	( )
Cash flows from financing activities		
( )		
	( )	
	( )	( )
( )		( )
		( )
		( )
Net cash from financing activities		
		( )
( )		

Notes to the cash flow statement

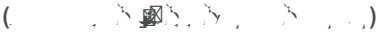
A. Cash and cash equivalents

	2007 Rmb'000	2006 Rmb'000
	( )	( )

% (%) % ( )

% % (%) ( )



()

Notes to the cash flow statement (cont'd)

A. Cash and cash equivalents (cont'd)



	2007 Rmb'000	2006 Rmb'000
		

B. Property, plant and equipment

	2007 Rmb'000	2006 Rmb'000
		
	( )	( )
	( )	( )

1. Corporation information

1.1 *The Company*

2. Summary of significant accounting policies

2.1 *Basis of preparation*

2.2 *Changes in accounting policies*

( ) *Adoption of new or revised FRS and Interpretations to FRS (INT FRS)*

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies (cont'd)*

( ) *FRS and INT FRS not yet effective*

Effective for annual periods beginning on or after

2.3 *Significant accounting estimates and judgements*

( ) *Key sources of estimation uncertainty*

2. Summary of significant accounting policies (cont'd)

2.3 *Significant accounting estimates and judgements (cont'd)*

( ) *Critical judgement made in applying accounting policies*

2. Summary of significant accounting policies (cont'd)

2.5 *Subsidiaries and basis of consolidation (cont'd)*

( ) *Basis of consolidation (cont'd)*

2. Summary of significant accounting policies (cont'd)

2.8 *Land use rights*

2.9 *Impairment of non-financial assets*

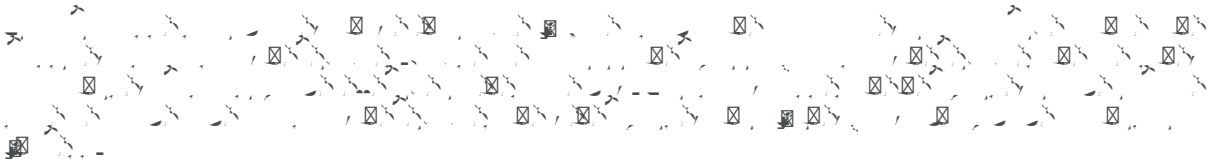
2.10 *Financial assets*

( ) *Financial assets at fair value through profit or loss*

2. Summary of significant accounting policies (cont'd)

2.10 *Financial assets (cont'd)*

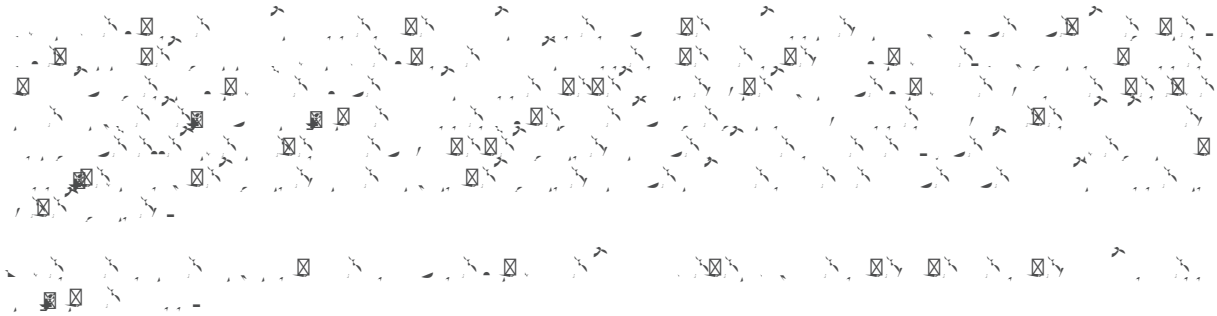
( ) *Loans and receivables*



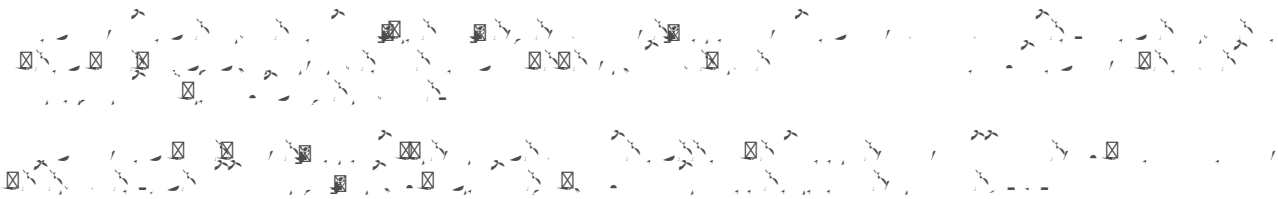
( ) *Held-to-maturity investments*



( ) *Available-for-sale financial assets*



2.11 *Cash and cash equivalents*



2.12 *Trade and other receivables*



2. Summary of significant accounting policies (cont'd)

2.13 *Impairment of financial assets*

( ) *Assets carried at amortised cost*

2. Summary of significant accounting policies (cont'd)

2.15 *Financial liabilities*

2.16 *Borrowing costs*

2.17 *Employee benefits*

Defined contribution plans - pension benefits

2.18 *Revenue*

( ) *Sale of goods*

( ) *Interest income*

2.19 *Grant*

2. Summary of significant accounting policies (cont'd)

2.20 *Provisions*

2.21 *Income taxes*

( ) *Current tax*

( ) *Deferred tax*

2. Summary of significant accounting policies (cont'd)

2.21 *Income taxes (cont'd)*

Value-added-tax ("VAT")

3. Revenue

4. Other operating income

	Group	
	2007 Rmb'000	2006 Rmb'000

5. Profit from operations

[illegible]

	Group	
	2007	2006
	Rmb'000	Rmb'000
[illegible]	[illegible]	[illegible]

[illegible]

6. Related party transactions

( ) [illegible]

	Group	
	2007	2006
	Rmb'000	Rmb'000
[illegible]	[illegible]	[illegible]

6. Related party transactions (cont'd)

( )

	Group	
	2007 Rmb'000	2006 Rmb'000

7. Personnel expenses

	Group	
	2007 Rmb'000	2006 Rmb'000

	2007	2006

8. Financial income (expenses)

	Group	
	2007 Rmb'000	2006 Rmb'000

9. Income tax expense





10. Earnings per share

11. Property, plant and equipment

	Buildings Rmb'000	Other fixtures and constructions Rmb'000	Plant and machinery Rmb'000	Office equipment and furniture Rmb'000	Motor vehicles Rmb'000	Construction-in-progress Rmb'000	Total Rmb'000
31 December 2006							
Group							
Cost							

12. Land use rights

	Group Rmb'000
Cost	
	( )
Accumulated amortisation	
	( )
Net carrying amount	
	( )))

14. Inventories

	Group	
	2007 Rmb'000	2006 Rmb'000

15. Prepayments

	Group		Company	
	2007 Rmb'000	2006 Rmb'000	2007 Rmb'000	2006 Rmb'000

16. Trade receivables and other receivables

16. Trade receivables and other receivables (cont'd)

	Group		Company	
	2007 Rmb'000	2006 Rmb'000	2007 Rmb'000	2006 Rmb'000

	Group	
	2007 Rmb'000	2006 Rmb'000

	Group Individually Impaired	
	2007 Rmb'000	2006 Rmb'000
	( )	( )

17. Deferred grant

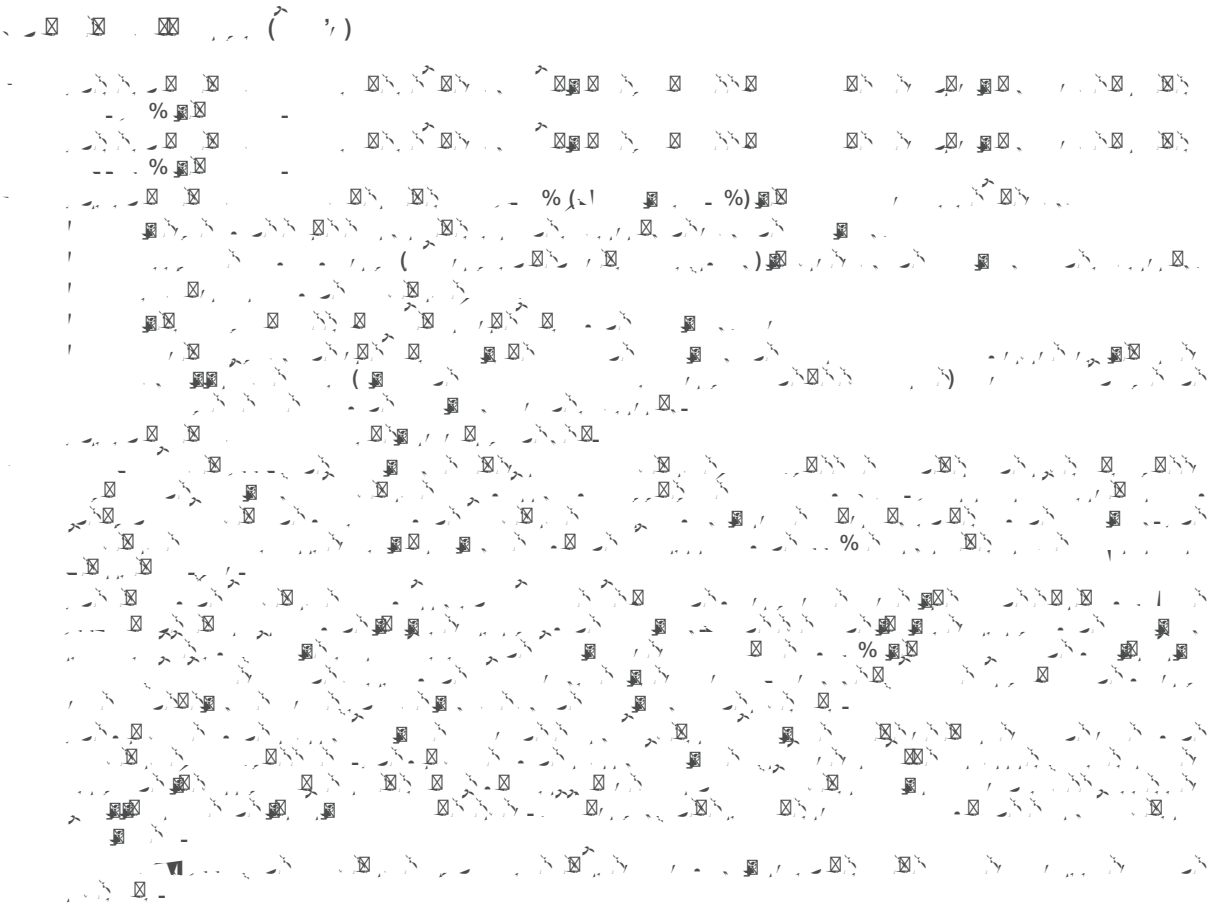
	Group	
	2007 Rmb'000	2006 Rmb'000
Cost		
		( )
Accumulated amortisation		
		( )
Net carrying value		

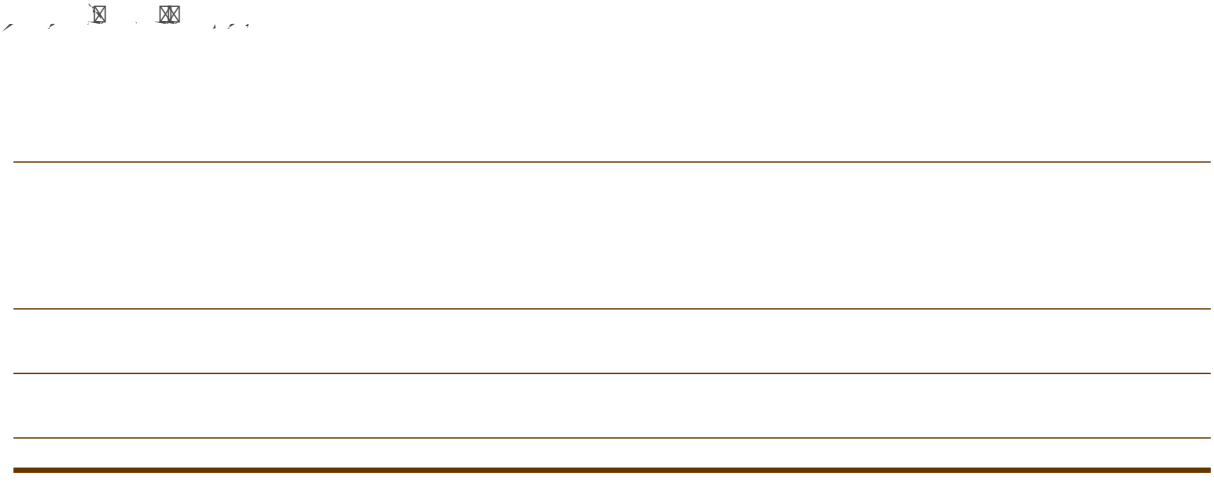
18. Interest-bearing loans and borrowings

( )

	Group		Company	
	2007 Rmb'000	2006 Rmb'000	2007 Rmb'000	2006 Rmb'000
%				
%				
%				
%				
%				

18. Interest-bearing loans and borrowings (cont'd)





19. Trade and other payables

	Group		Company	
	2007 Rmb'000	2006 Rmb'000	2007 Rmb'000	2006 Rmb'000
Trade and other payables (current)				
Add:				

	Group		Company	
	2007 Rmb'000	2006 Rmb'000	2007 Rmb'000	2006 Rmb'000

20. Accruals and other liabilities

	Group		Company	
	2007 Rmb'000	2006 Rmb'000	2007 Rmb'000	2006 Rmb'000



23. Statutory reserve fund



25. Segment information (cont'd)

Business segments (cont'd)

(a)

Geographical segments

Allocation basis and transfer pricing

Group 2007	Urea Rmb'000	Compound fertiliser Rmb'000	Methanol Rmb'000	Others Rmb'000	Elimination Rmb'000	Total Rmb'000
					( )	
( )				( )		
						( )
						( )

25. Segment information (cont'd)

Geographical segments (cont'd)

Group 2006	Urea Rmb'000	Compound fertiliser Rmb'000	Methanol Rmb'000	Others Rmb'000	Elimination Rmb'000	Total Rmb'000
[illegible]					( )	
( )				( )		
						( )
						( )
						( )

26. Commitments

( )

	Group 2007 Rmb'000	Group 2006 Rmb'000
Capital expenditure		
Others		

( )

27. Financial risk management objectives and policies

27. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

	2007 Rmb'000				2006 Rmb'000			
	1 year or less	1 to 3 years	Over 3 years	Total	1 year or less	1 to 3 years	Over 3 years	Total
Group								
Company								

(c) Interest rate risk

( )

Sensitivity analysis for interest rate risk

Fair value sensitivity analysis for fixed rate instruments

Cash flow sensitivity analysis for variable rate instruments

( )

27. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk (cont'd)

		Group	
	Increase/ decrease in basis points	2007 Rmb'000 Effect on profit net of tax	2006 Rmb'000 Effect on profit net of tax
Interest expense			
		( )	( )
			( )
Interest income			
			-
			-

(d) Foreign currency risk

( )

	Group		Company	
	2007 Rmb'000	2006 Rmb'000	2007 Rmb'000	2006 Rmb'000
	-			
	-	-	-	-

( )

	Group	
	2007 Rmb'000 Profit (loss) net of tax	2006 Rmb'000 Profit (loss) net of tax
% (%)		
% (%)	( )	( )
% (%)		-

28. Capital management



28. Capital management (cont'd)



ANALYSIS OF SHAREHOLDINGS



DISTRIBUTION OF SHAREHOLDINGS AS AT 27 MARCH 2008

Size of Shareholdings	C	N	0	No. of	J	0



Percentage of shareholdings in the hands of public



Substantial shareholders as shown in the Register of Substantial Shareholders as at 27 March 2008

Name	Direct Interest		Deemed interest	
	No. of Shares	%	No. of Shares	%
				

Ordinary Business

As Special Business



Explanatory Notes on Special Business to be transacted: -

Note:-

Closure of Books

CHINA XLX FERTILISER LTD.

PROXY FORM

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

